

Message Text

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E.O. 11652: GDS

TAGS: ENRG, PFOR, EGEN, EG, IS

SUBJECT: PETROLEUM: AMOCO'S ACITIVIES, PROSPECTS AND CONCERNS

REF (A) CAIRO 0423, (B) CAIRO 0364

1. IN CALL ON EMBOFF TO RELAY INFORMATION CONTAINED IN REFTEL (A), VP CAMPBELL DISCUSSED A NUMBER OF OTHER ITEMS OF INTEREST TO USG AND IMPORTANCE TO EGYPT.

2. JACK-UP RIG WHICH AMOCO HAD SIGHTED AT AT TUR IS NO LONGER OPERATING AT THAT SITE. HELICOPTER PILOT SERVING AMOCO DRILL SHIP NEAR RAS EL USH HAS REORTED SIGHTING RIG AT SHAAB EL ALI ISLAND BUT WAS UNABLE TO DETERMINE WHETHER IT WAS IN TRANSIT OR IN OPERATION DUE TO DISTANCE INVOLVED. CAMPBELL SAID AMOCO IS STILL VERY CONCERNED OVER ISRAELI EXPLORATION ACTIVITIES ON ITS CONCESSION AREAS.

3. COMPANY HAS BEGUN TESTING WELL MENTIOND REFTEL (B) (FLARE FROM BURNOFF HAS PROBABLY GIVEN ISRAELIS CLEAR INDICATION THAT DRILLING EFFORTS HAVE BEEN SUCCESSFUL) AND IS EXTREMELY PLEASED BOTH WITH VOLUME, 40,000 BPD ESTIMATED, AND QUALITY, 34 DEGRESS API WITH LESS THAN ONE PERCENT SULPHUR. CAMPBELL SAYS COMPANY WILL HAVE WELL IN PRODUCTION BY LATE SUMMER. ON RELATED SUBJECT, CAMPBELL SAYS COMPANY HAS FOUND PROMISING
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NEW STRUCTURE OFFSHORE AT GHARIB AREA (2815-3310). NEITHER

VOLUME NOR QUALITY ARE AS PROMISING AS OTHER NEW DISCOVERY, BY AMOCO EXPECTS TO HAVE PIPELINE LAID AND FIELD IN PRODUCTION BY END OF MARCH. CAMPBELL STATES THAT ON BASIS CONSERVATIVE ESTIMATES HIS COMPANY WILL PRODUCE ABOUT 100 MILLION BARRELS DURING 1976.

4. AFTER EXTENSIVE AND TOTALLY AMICABLE NEGOTIATIONS, GOE AND AMOCO HAVE REACHED AGREEMENT ON PRODUCTION-SHARING ARRANGEMENT REPLACING 50-50 JOINT VENTURE BASIS UNDER WHICH COMPANY HAD ORIGINALLY UNDERTAKEN SOME OF ITS EARLIER CONCESSIONS. AGREEMENT, WHICH MUST BE APPROVED BY PEOPLE'S ASSEMBLY AND PRESIDENCY, WILL PUT ALL OF AMOCO'S CONCESSIONS ON SAME BASIS AS THOSE CONCLUDED UNDER NEW PETROLEUM LAW, WHICH CALLS FOR APPROXIMATELY 80-20 SPLIT. CAMPBELL SAID DETAILS WILL BECOME PUBLIC WITH GOE ANNOUNCEMENT , BUT ADDED HIS COMPANY WAS PERFECTLY SATISFIED. EILTS

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